

London Borough of Lewisham Annual Performance Review

Period Ending 31st March 2014

Tuesday 9th September 2014

Lynn Coventry

Agenda

Section 1 – Market Environment

Section 2 – Total Fund Performance versus Local Authority Average

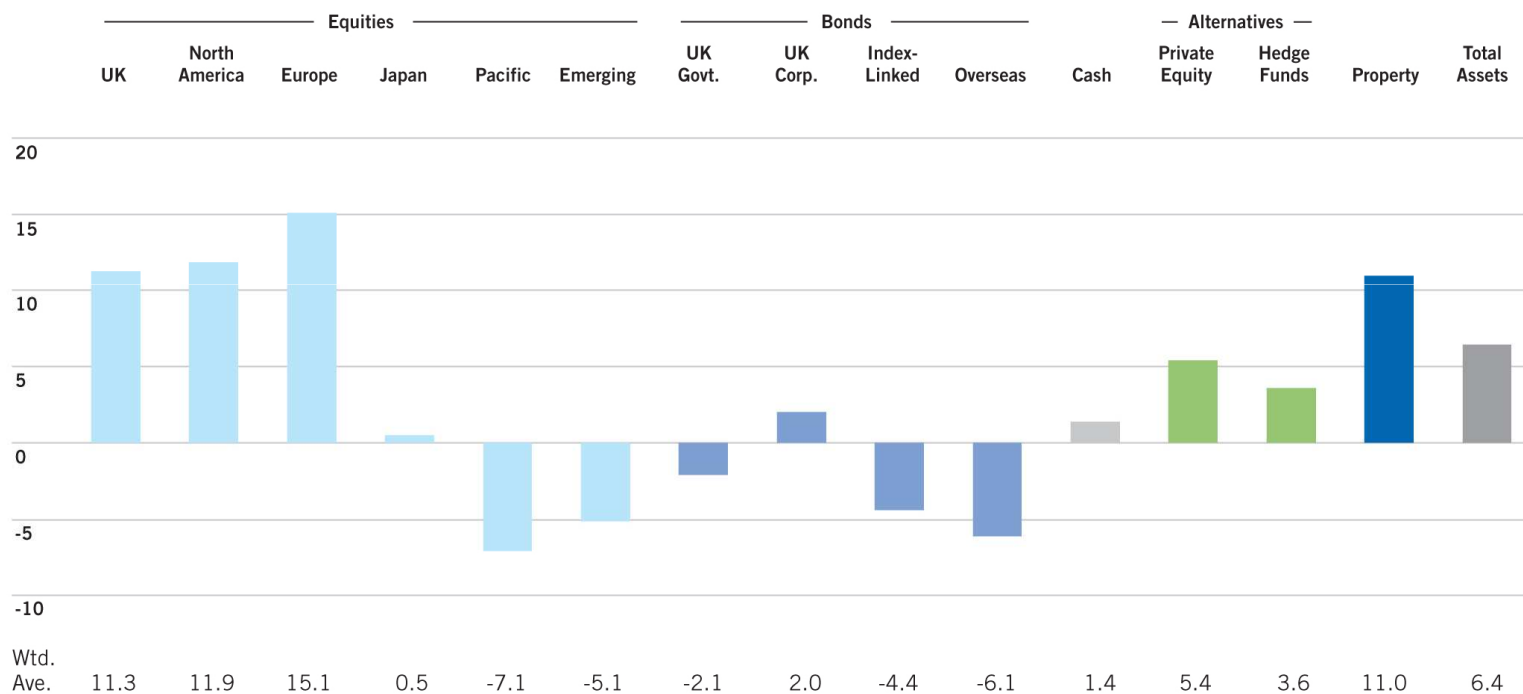
Appendix

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Section 1

Market Environment

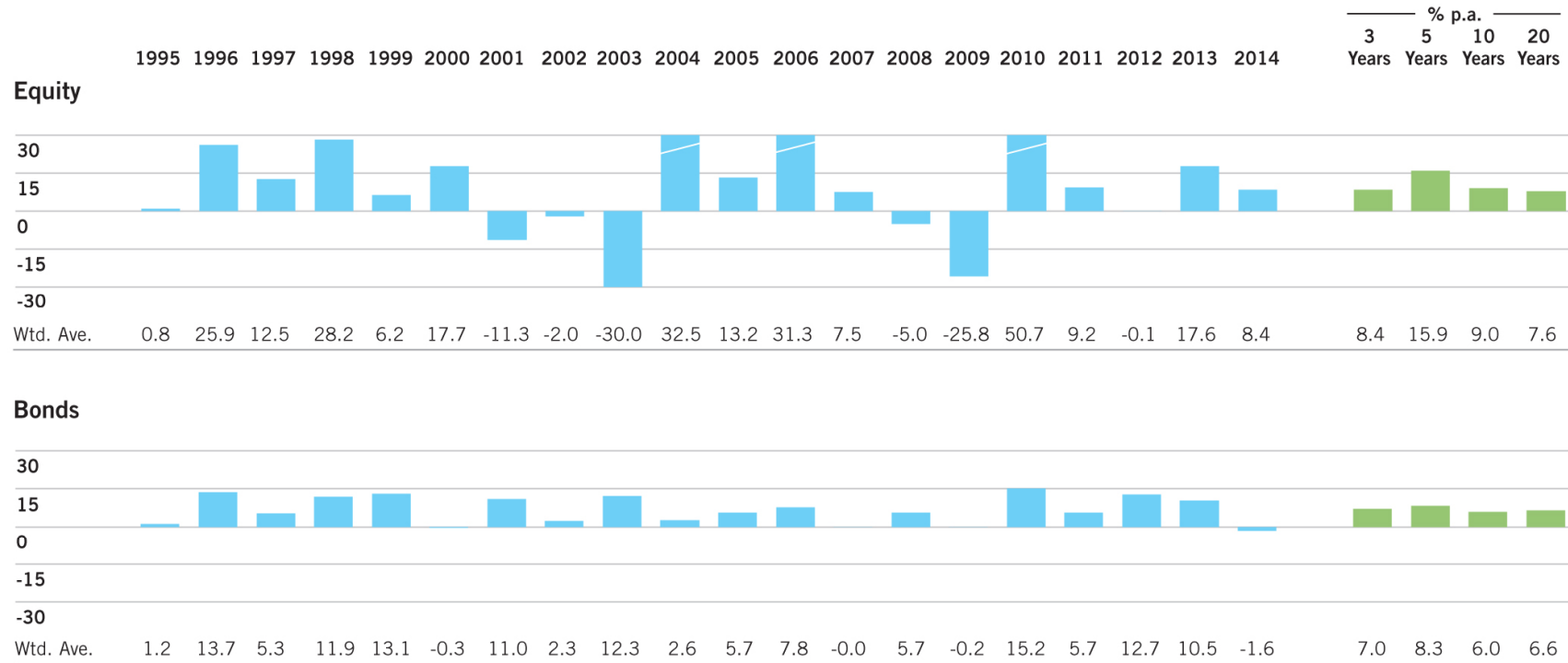
2013/2014 Returns (%)



Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.

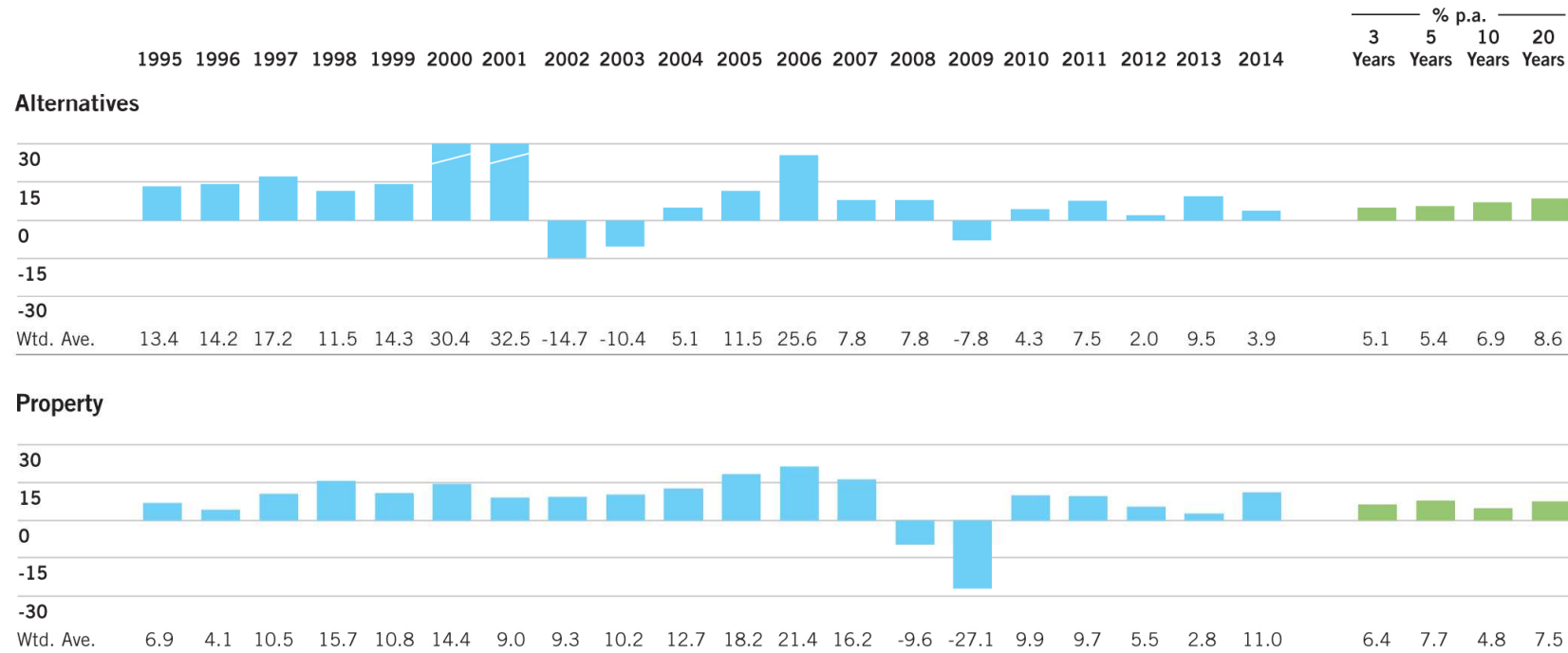
Annual Returns (%)*



* Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.

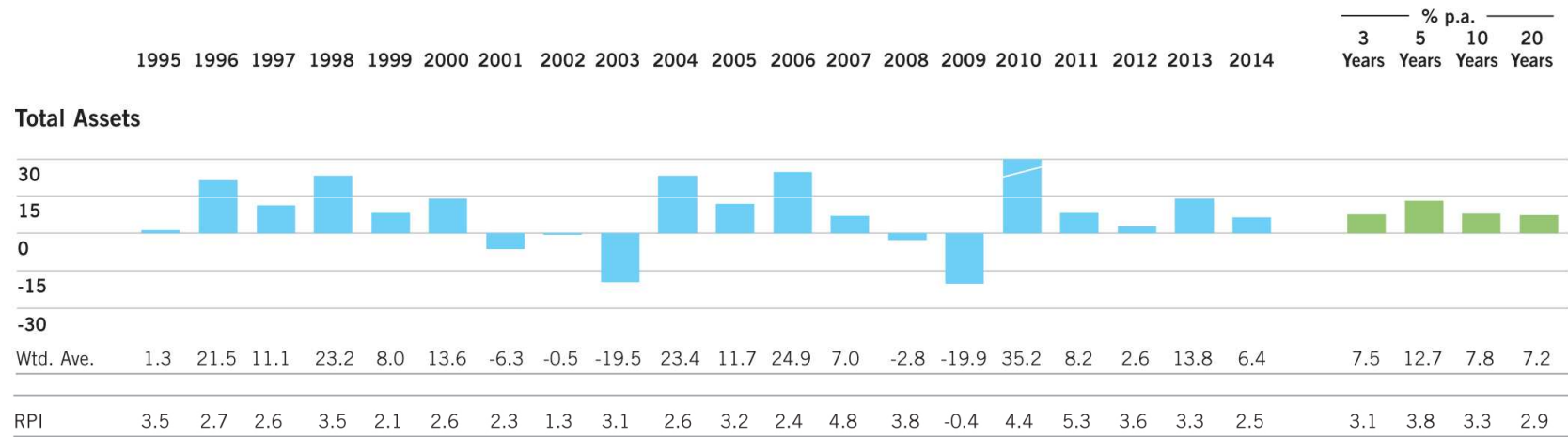
Annual Returns (%)*



* Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.

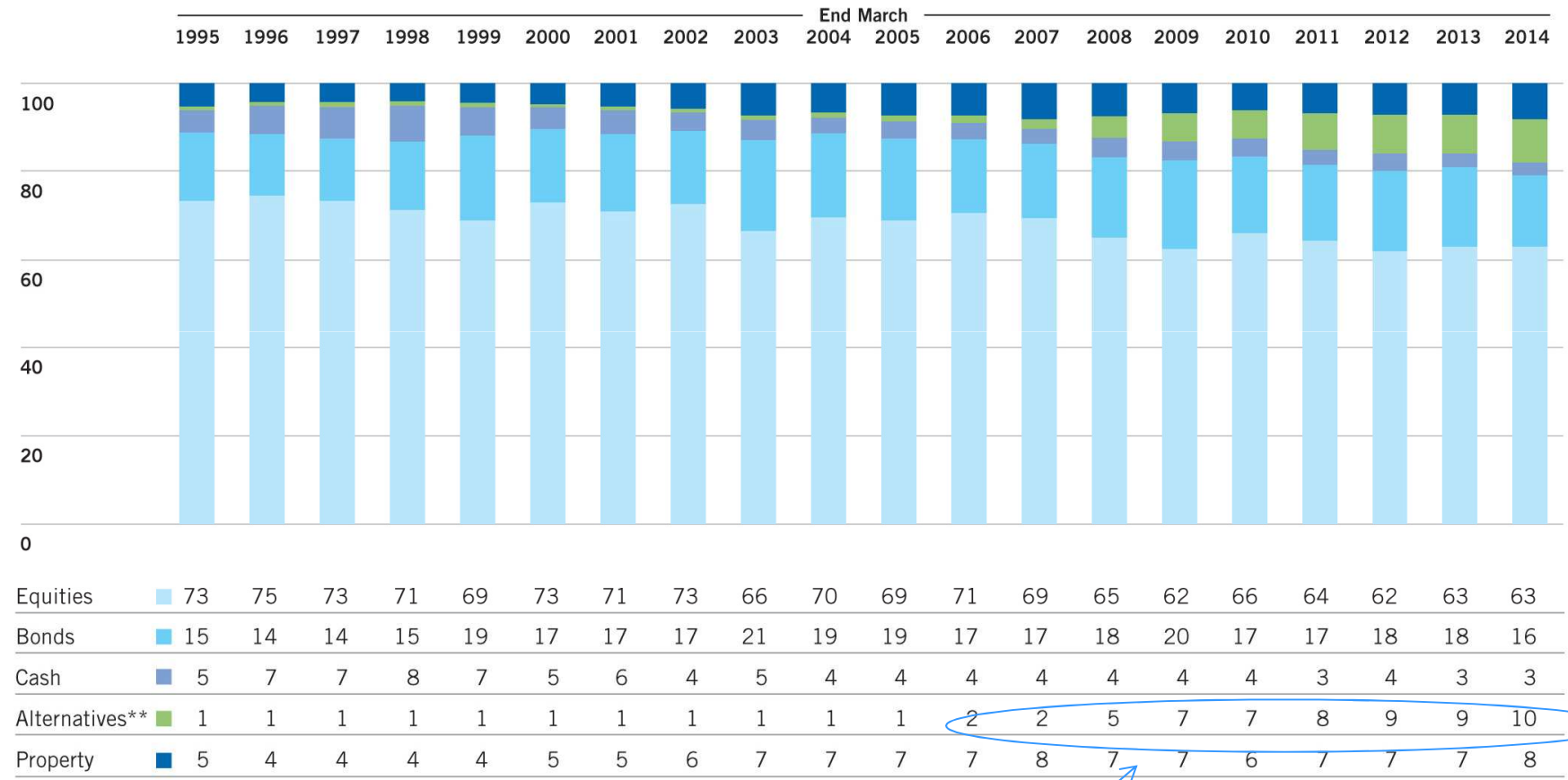
Annual Returns (%)*



* Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.

Longer Term Asset Allocation (%)*



* Source: State Street Investment Analytics, 2014.

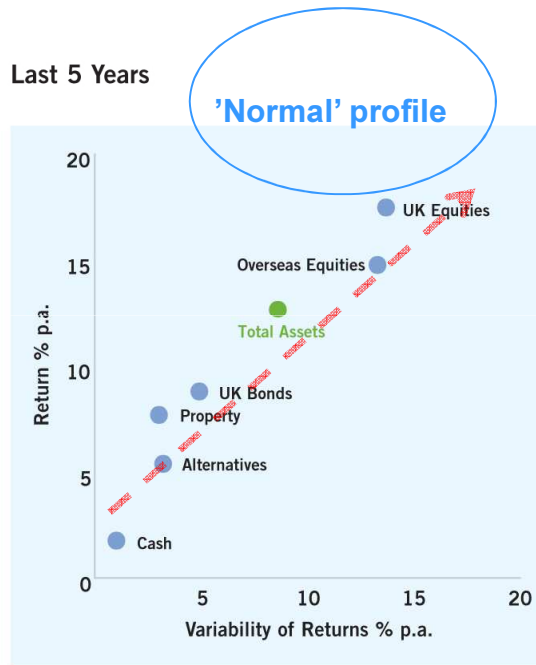
** Includes Pooled Multi-Asset from March 2010.

Past performance is not a reliable indicator of future results.

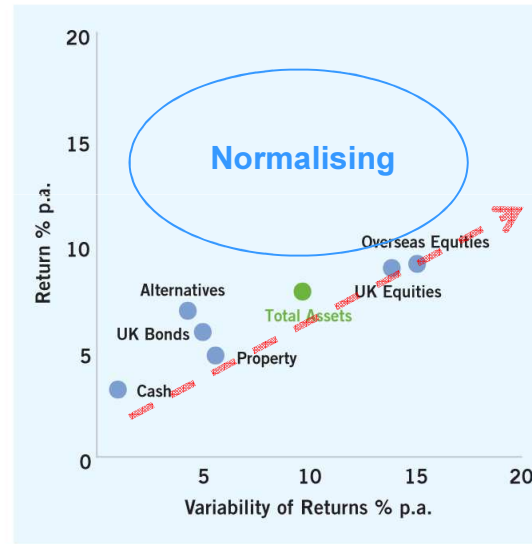
Recent growth

Long Term Risk and Return*

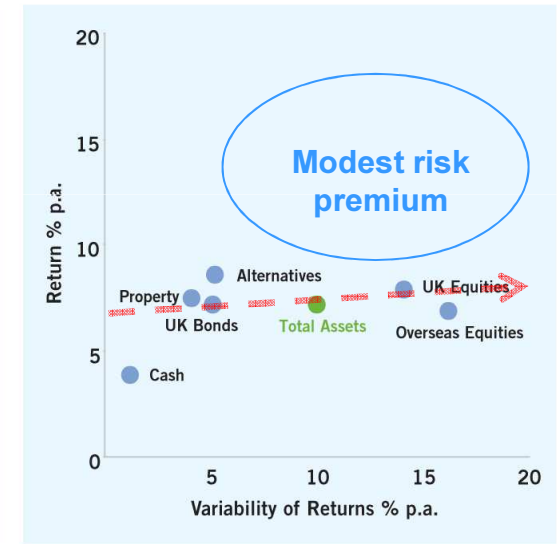
Last 5 Years



Last 10 Years



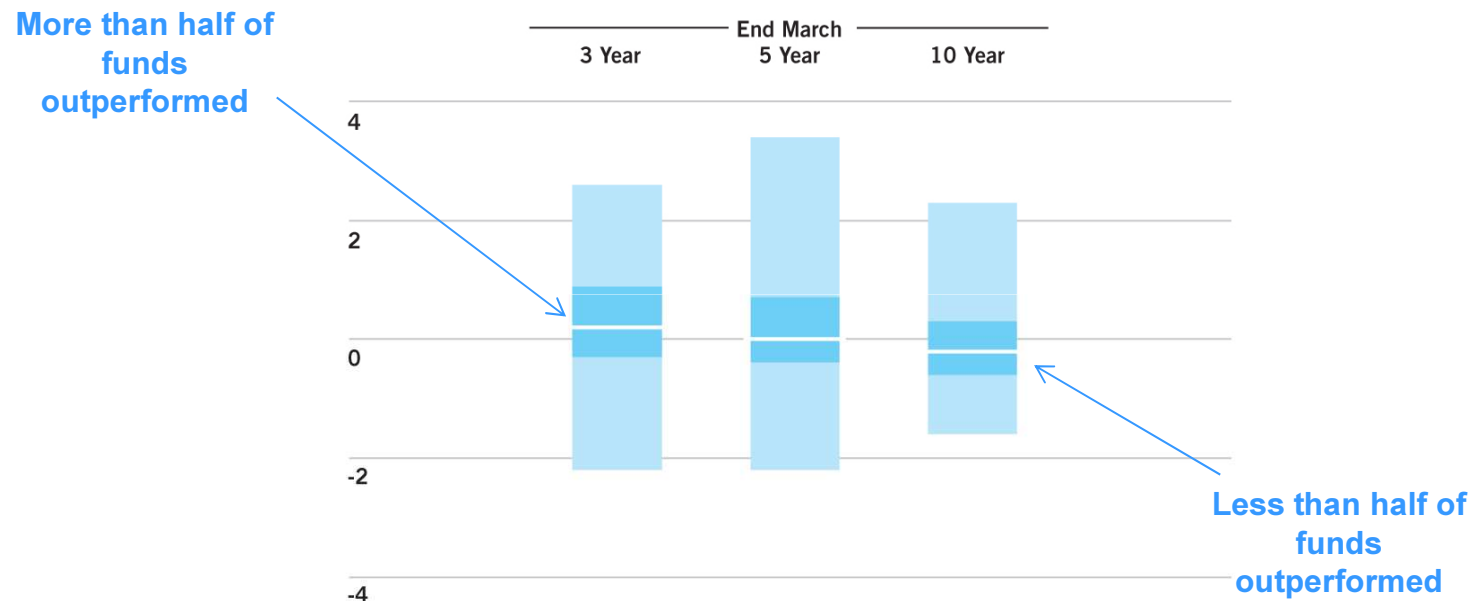
Last 20 Years



* Source: State Street Investment Analytics, 2014.

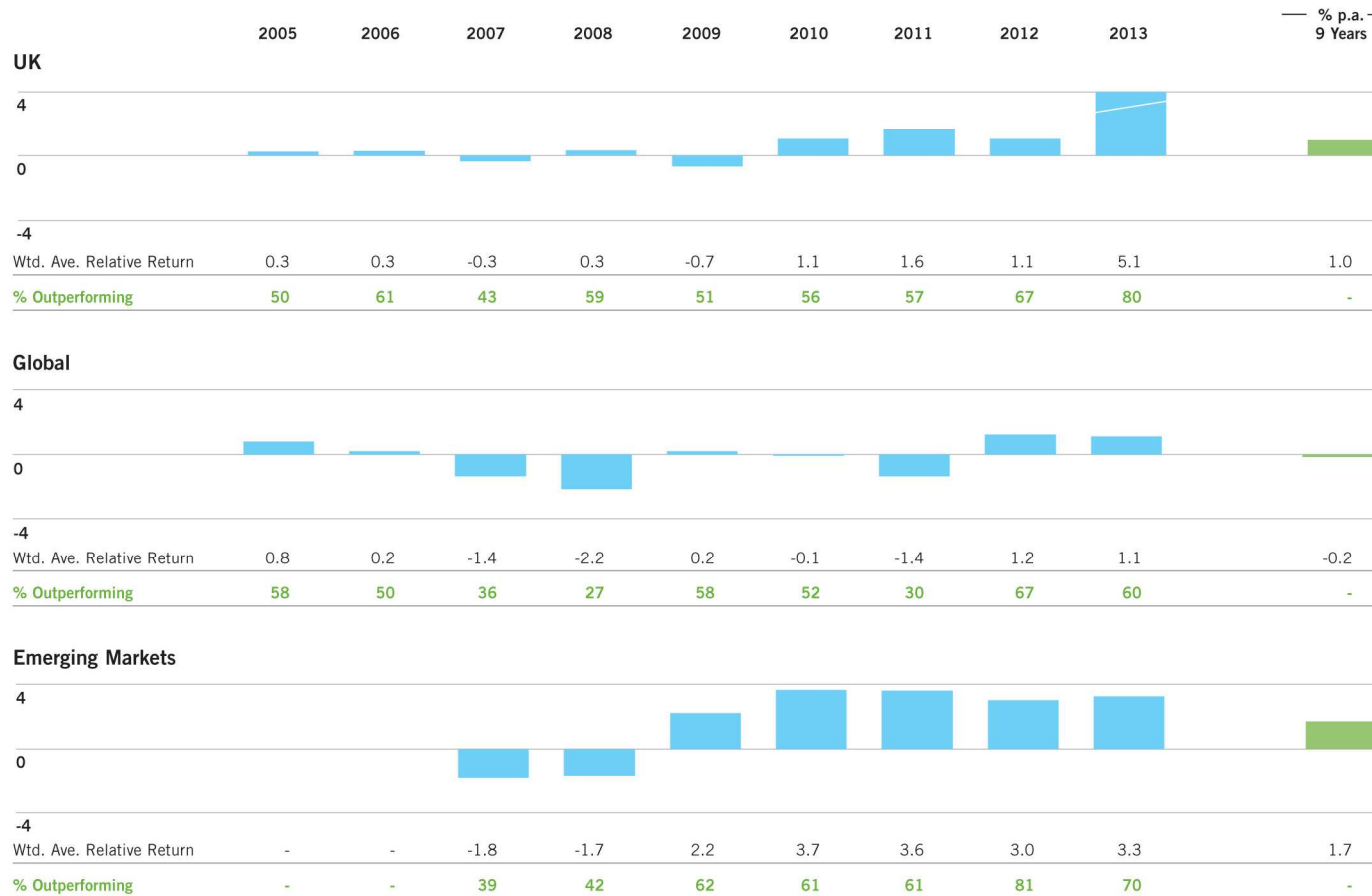
Past performance is not a reliable indicator of future results.

Performance Relative to Benchmark*



* Source: State Street Investment Analytics, 2014.
Past performance is not a reliable indicator of future results.

Active Equity Managers Have Had a Relatively Strong Run



Section 2

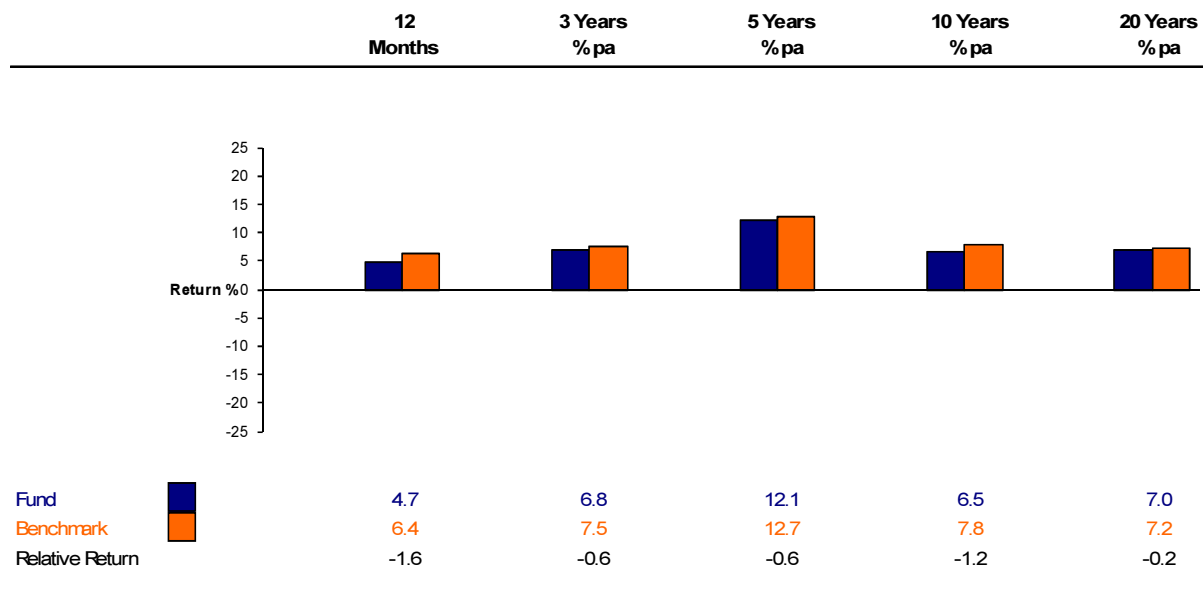
Total Fund Performance versus Local Authority Average Return

Summary of Performance

Fund Value

Values GBP'000	
Value at 29/03/2013	857,808
Transactions	-3,306
Capital Gain/Loss	41,886
Income	5,073
Value at 31/03/2014	896,388

Fund Returns



Latest Year Attribution

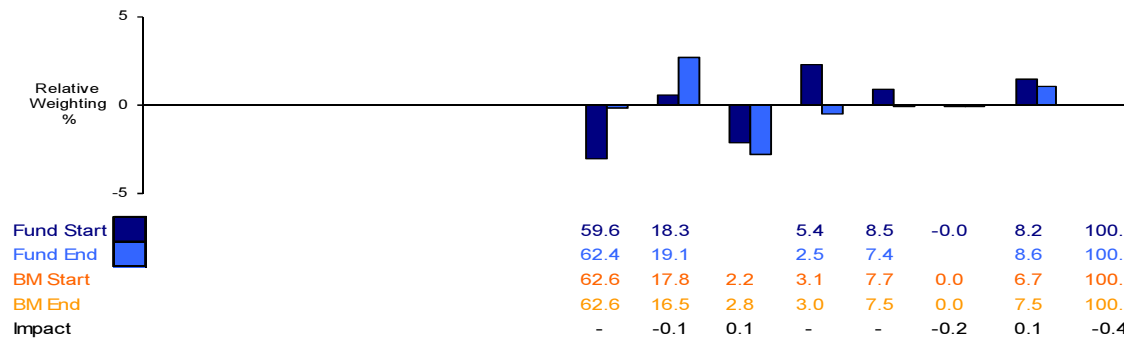
Summary

Fund Return	4.7
Benchmark Return	6.4
Relative Performance	-1.6
attributable to:	
Asset Allocation	-0.4
Stock Selection	-1.2

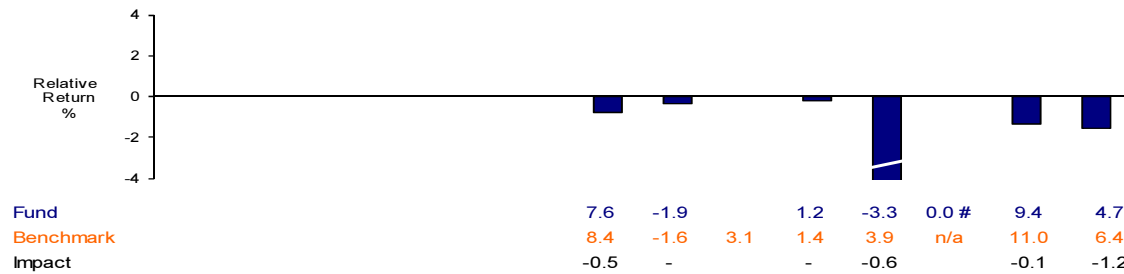
The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below

	Total Equity	Bonds + IL	Multi Asset	Cash	Altern atives	Curr Instr	Property	Total Fund
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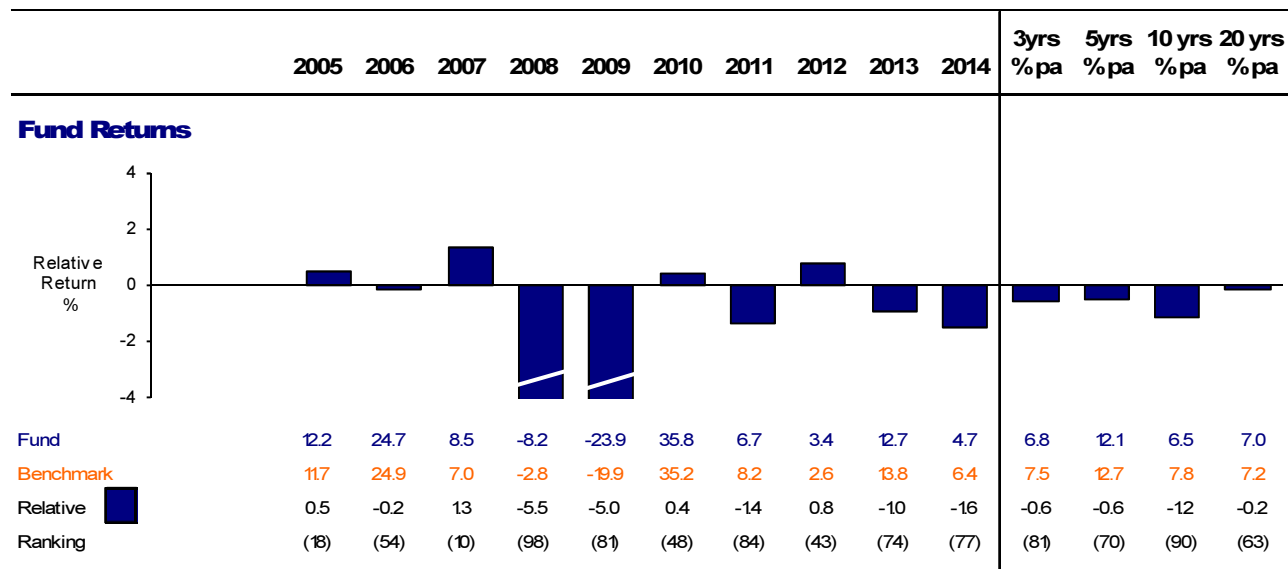
Asset Allocation



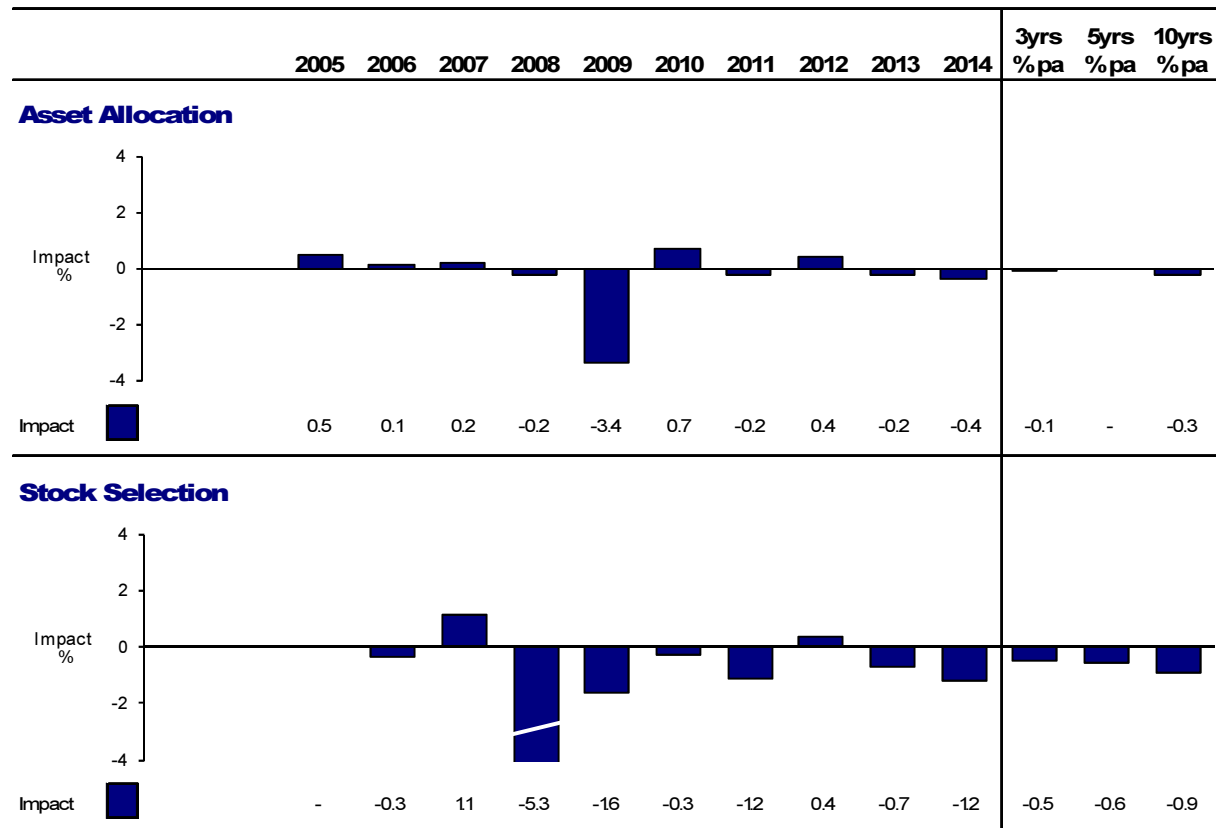
Stock Selection



Longer Term Performance

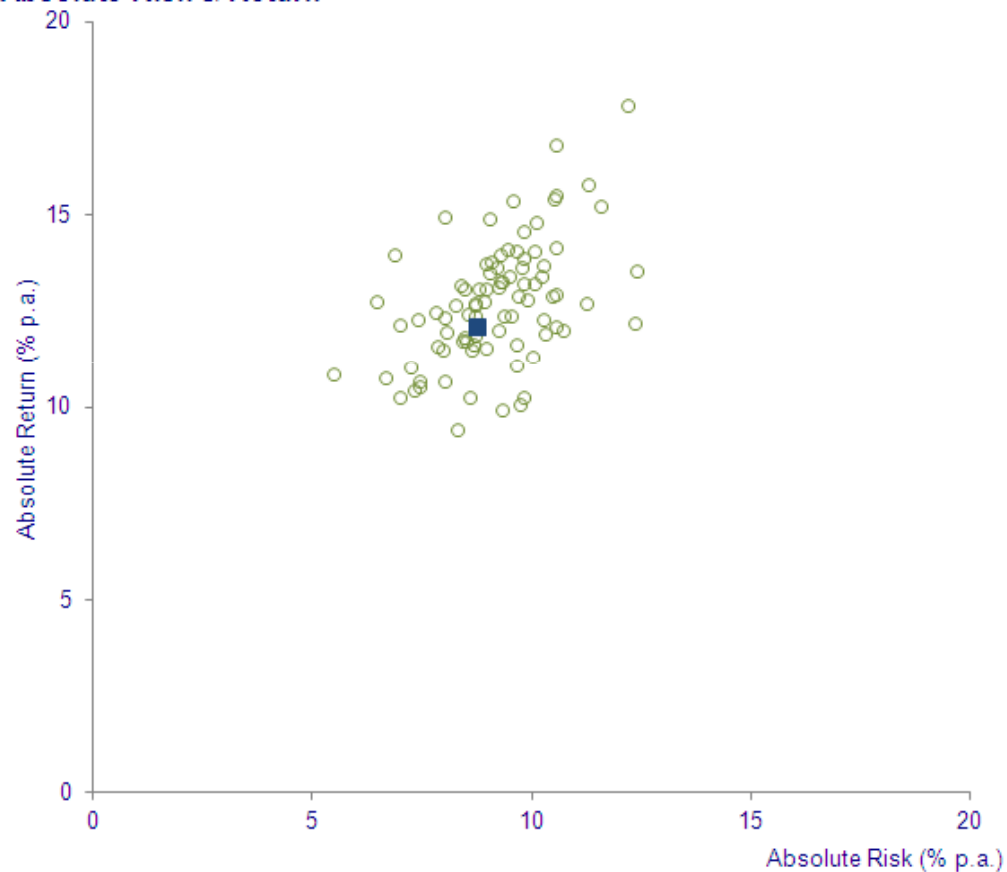


Longer Term Attribution

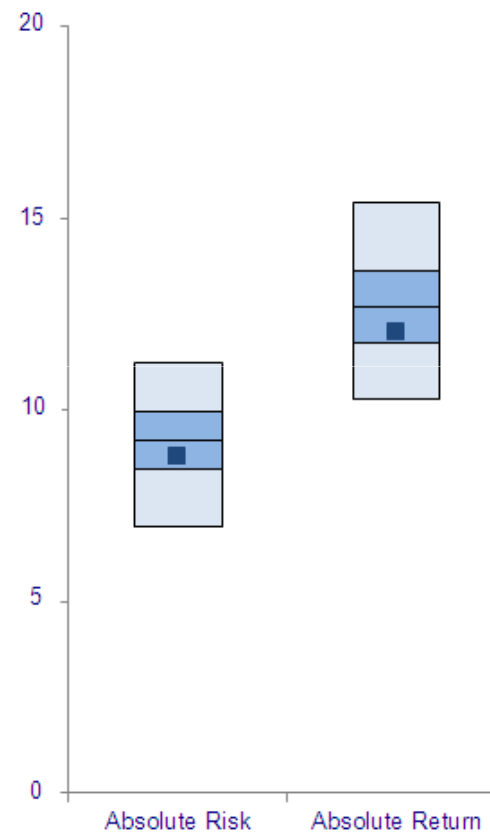


Risk Adjusted Return Analysis – Five Years % p.a.

Absolute Risk & Return



■ Your Fund.



Overall Conclusions

- *The Fund has an absolute return of 4.7% over the latest year, which was 1.6% behind the Local Authority Average return of 6.4%. This was due mainly to below average returns in Equities and Alternatives.*
- *Below average performance continues over the longer term. The impact of the underperformance during 2008 and 2009 was particularly unfavourable.*
- *The return of 7.0% p.a. over the last 20 years compares with the Local Authority Average return of 7.2% p.a. This was 4.0% p.a. above the UK RPI index return of 2.9% p.a.*

Summary of Returns and Rankings

Return %	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	3yrs % pa	5yrs % pa	10yrs % pa
<i>Total Equity</i>	12.9 (46)	29.7 (82)	8.5 (23)	-110 (100)	-27.5 (75)	48.1 (72)	6.4 (97)	0.6 (37)	16.7 (75)	7.6 (65)	8.1 (64)	11.7 (87)	7.4 (95)
<i>UK Equities</i>	13.4 (95)	23.0 (100)	11.2 (40)	-14.8 (98)	-30.3 (70)	50.9 (61)	7.8 (86)	0.2 (93)	15.9 (93)	8.8 (73)	8.1 (93)	15.5 (91)	6.6 (97)
<i>Q/S Equities</i>	11.5 (16)	40.3 (19)	4.7 (22)	-5.3 (87)	-25.7 (85)	46.3 (69)	5.7 (91)	0.9 (15)	16.6 (69)	7.1 (41)	8.0 (31)	11.3 (60)	8.4 (70)
<i>Total Bonds</i>	4.7 (83)	8.0 (38)	-0.3 (61)	2.5 (55)	-0.8 (57)	32.1 (8)	9.0 (4)	12.5 (36)	11.2 (43)	-0.8 (61)	7.5 (43)	12.3 (13)	7.4 (1)
<i>UK Bonds</i>	5.4 (70)	10.1 (13)	0.8 (36)	-18 (87)	-6.8 (75)	32.1 (7)	9.0 (3)	12.5 (42)	11.4 (46)	-0.8 (77)	7.5 (51)	12.3 (11)	6.7 (11)
<i>Alternatives</i>	16.1# (44)	13.4 (70)	2.2 (20)	16.8 (45)	-5.7 (66)	-0.1 (37)	8.8 (83)	-16 (56)	7.6 (89)	-3.3 (89)	0.8 (90)	2.2 (84)	
<i>Private Eq</i>			2.3 (59)	16.8 (48)	0.7 (55)	-118 (79)	10.4 (47)	7.0 (33)	17.6 (10)	5.5 (48)	9.9 (20)	5.2 (64)	
<i>Total Other</i>							11.7 (31)	-6.2 (81)	0.8 (68)	-11.2 (82)	-5.6 (80)		
<i>Property</i>	19.5 (28)	25.5 (8)	20.9 (8)	-15.1 (97)	-310 (71)	3.6 (84)	6.4 (86)	5.4 (42)	12 (57)	9.4 (78)	5.3 (56)	5.2 (71)	3.2 (73)
<i>UK Property</i>	19.5 (28)	25.5 (8)	20.9 (8)	-15.1 (97)	-310 (64)	2.9 (93)	6.4 (90)	5.4 (49)	12 (57)	9.4 (87)	5.3 (67)	5.0 (78)	3.1 (79)
<i>Total Assets</i>	12.2 (18)	24.7 (54)	8.5 (10)	-8.2 (98)	-23.9 (81)	35.8 (48)	6.7 (84)	3.4 (43)	12.7 (74)	4.7 (77)	6.8 (81)	12.1 (70)	6.5 (90)

not invested in this area for the entire period

Asset Class Performance*

	% of Asset Class		% p.a. Return			
	At end 2012/13	At end 2013/14	3 Yrs	5 Yrs	10 Yrs	20 Yrs
Equities	100	100				
UK Equities	38.8	38.2	10.3	17.5	8.9	7.9
Overseas Equities	52.8	52.9	6.9	14.8	9.1	6.9
North America	18.5	18.5	12.1	17.2	8.0	8.1
Continental Europe	12.8	13.6	7.9	15.0	9.8	8.8
Japan	5.4	4.9	5.5	9.3	3.7	1.0
Pacific ex Japan	5.7	5.1	2.3	14.9	12.6	7.0
Emerging Markets	9.1	9.2	-1.2	12.6	11.5	-
Global	8.4	8.9	8.1	14.8	-	-
Bonds	100	100				
UK	58.5	57.4	7.3	8.8	5.9	7.2
Index-Linked	23.1	22.3	8.4	8.6	6.9	7.3
Overseas Bonds	12.9	15.2	3.5	5.3	5.1	5.2
Pooled	5.5	5.0	5.0	9.2	-	-
Alternatives	100	100				
Private Equity	55.5	55.5	7.5	6.0	-	-
Hedge Funds	30.5	29.2	3.6	5.6	-	-
Other Alternatives	13.9	15.4	0.9	3.7	-	-

* Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.